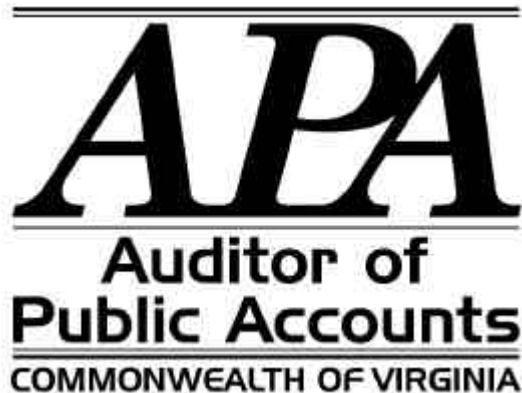


**UNIVERSITY OF VIRGINIA
CHARLOTTESVILLE, VIRGINIA**

**INTERCOLLEGIATE ATHLETIC PROGRAMS
FOR THE YEAR ENDED
JUNE 30, 2001**



- TABLE OF CONTENTS -

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF
AGREED-UPON PROCEDURES

SCHEDULE:

Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs

Notes to the Schedule of Revenues and Expenditures of Intercollegiate
Athletic Programs

UNIVERSITY OFFICIALS

October 31, 2001

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Dr. John T. Casteen, III, President
University of Virginia

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

We have audited the financial statements of the **University of Virginia** as of and for the year ended June 30, 2001, and have issued our unqualified report thereon dated October 15, 2001. At the request of the President of the University, we have performed certain agreed-upon procedures to the University's Intercollegiate Athletic Programs for the fiscal year ended June 30, 2001, discussed below, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The University is responsible for the Intercollegiate Athletic Programs including preparation of the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs - Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) for the year ended June 30, 2001, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletic Department's accounts in the accounting records. We noted no differences between the amounts in the Athletic Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of worksheet adjustments with management and are satisfied that the adjustments are appropriate.

- b. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and reviews of actual amounts expended in comparison to budgeted amounts.
- c. We vouched each individual contribution received directly by the University for its Intercollegiate Athletic Programs that constituted more than ten percent of the contributions so received. Except for contributions received from the Virginia Student Aid Foundation, an affiliated foundation, we noted no individual contribution, which constituted more than ten percent of total contributions received for Intercollegiate Athletics.

Because the above procedures “a” through “c” do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs or any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of the University of Virginia in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to the President of the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of the University of Virginia or its Intercollegiate Athletic Department taken as a whole.

Internal Control Related to Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of the University of Virginia is responsible for establishing and maintaining internal control for its Intercollegiate Athletic Programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- d. We reviewed an organizational chart provided by the Intercollegiate Athletic Department and discussed it with appropriate personnel. We reviewed documentation of accounting systems and operating procedures. We also made certain inquiries of management regarding control consciousness, the use of internal audit in the department, competence of personnel, and protection of records and equipment.
- e. We reviewed internal control over cash receipts and disbursements, including payroll, for the Intercollegiate Athletic Programs. We reviewed the relationship of internal control over Intercollegiate Athletic Programs to internal control reviewed in connection with the audit of the University’s financial statements. Our review also included those controls unique to Intercollegiate Athletics, which have not been reviewed in connection with the audit of the financial statements.

- f. We reviewed the University's procedures for monitoring booster group activities and concluded that those procedures were adequate.

Agreed-upon procedures "d" through "f" applied to certain aspects of the University's internal control were more limited than would be necessary to express an opinion on internal control of the University of Virginia in effect for the year ended June 30, 2001, taken as a whole. Because our review and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "d" through "f" above, we noted no material weaknesses relating to internal control over the Intercollegiate Athletic Program activities administered by the University.

This report is intended solely for the information and use of the University and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

JHS/kva
kva:30

UNIVERSITY OF VIRGINIA
SCHEDULE OF REVENUES AND EXPENDITURES OF INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 2001

	Administrative and General	Football	Men's Basketball	Other Sports*	Total
Operating revenue:					
Student activity fees	\$ 3,963,750	\$ -	\$ -	\$ -	\$ 3,963,750
Ticket sales/game guarantees	-	5,866,019	1,225,150	291,436	7,382,605
Radio and television rights	-	2,224,792	2,000,856	-	4,225,648
Bowl game proceeds - post season	-	1,717,746	1,729,363	165,901	3,613,010
Concessions	-	375,480	103,903	9,143	488,526
Novelty sales	400,105	-	-	-	400,105
Private gifts	7,199,987	1,712,570	283,918	4,155,748	13,352,223
Miscellaneous income	4,424,759	1,123	2,140	51,233	4,479,255
Total operating revenue	15,988,601	11,897,730	5,345,330	4,673,461	37,905,122
Operating expenditures:					
Coaches' salaries	-	2,343,949	690,450	1,912,046	4,946,445
Other salaries	4,254,014	454,633	79,058	96,134	4,883,839
Fringe benefits	939,209	467,328	130,073	411,147	1,947,757
Training meals	-	21,357	27,284	71,222	119,863
Travel:					
Team	-	997,874	459,130	1,239,825	2,696,829
Recruiting	-	155,214	105,798	216,128	477,140
Other	82,645	91,044	19,419	73,644	266,752
Conference budget contribution	946,920	-	-	-	946,920
Entertainment	263,795	201,577	39,923	123,083	628,378
Game officials	-	65,407	98,399	71,426	235,232
Hospital and clinic service	17,029	74,572	8,333	151,743	251,677
Administrative services	622,574	116,391	22,093	62,236	823,294
Administrative overhead	1,146,300	-	-	-	1,146,300
Game operation expenses	-	410,954	233,333	26,455	670,742
Supplies and equipment:					
Recreation	214,696	340,566	29,309	172,649	757,220
Office	384,515	111,936	5,039	47,054	548,544
Miscellaneous	150,470	41,265	12,297	17,205	221,237
Maintenance and repair	1,254,534	102,428	9,738	199,187	1,565,887
Telephone	189,492	45,665	20,405	69,646	325,208
Insurance	66,465	-	-	-	66,465
Dues	33,324	985	2,059	22,008	58,376
Contributions	2,175	-	-	-	2,175
Utilities	895,050	4,368	-	-	899,418
Scholarships	-	1,638,586	270,823	3,726,312	5,635,721
Total operating expenditures	11,463,207	7,686,099	2,262,963	8,709,150	30,121,419
Excess (deficiency) of revenues over (under) expenditures	4,525,394	4,211,631	3,082,367	(4,035,689)	7,783,703
Transfers to plant and other funds	(12,357,472)	-	-	-	(12,357,472)
Net increase (decrease) for the year	\$ (7,832,078)	\$ 4,211,631	\$ 3,082,367	\$(4,035,689)	(4,573,769)

* Other Sports includes baseball, basketball, golf, soccer, lacrosse, track, swimming, tennis, wrestling, field hockey, softball, volleyball, indoor and outdoor track, cross country, and crew.

The accompanying Notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs are an integral part of this schedule.

UNIVERSITY OF VIRGINIA
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 2001

1. BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of the Schedule is to present a summary of current funds revenues and expenditures of the Intercollegiate Athletic Programs of the University for the year ended June 30, 2001. The Schedule includes only those intercollegiate athletic revenues and expenditures under the direct accounting control of the University. The Schedule does not include intercollegiate athletic revenues and expenditures of the University of Virginia's College at Wise. Because the Schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in fund balances, or current funds revenues and other additions, expenditures, transfers and other deductions for the year then ended. Revenues and expenditures directly identifiable with each category of sport presented are reported accordingly. Revenues and expenditures not directly identifiable to a specific sport are reported under the category "Administrative and General."

2. AFFILIATED FOUNDATION

The University received \$5,902,967 from the Virginia Student Aid Foundation (VSAF), an affiliated foundation. VSAF provided \$5,635,722 for direct grant scholarships and \$267,245 for other purposes.

3. GIFTS RESTRICTED FOR PLANT ACQUISITIONS

The University received \$7,109,293 in gifts for plant acquisitions and construction. This amount was transferred, along with other funds, to the University's general fund during the fiscal year ended June 30, 2001.

UNIVERSITY OF VIRGINIA
Charlottesville, Virginia

BOARD OF VISITORS

John P. Ackerly, III, Rector

Charles M. Caravati, Jr.	Gordon F. Rainey, Jr.
Thomas J. Biley, Jr.	Timothy B. Robertson
William G. Crutchfield, Jr.	Terence P. Ross
Thomas F. Farrell, II	Thomas A. Saunders, III
Charles L. Glazer	Elizabeth A. Twohy
William H. Goodwin, Jr.	Benjamin P.A. Warthen
T. Keister Greer	Joseph E. Wolfe
Elsie Goodwyn Holland	Sasha L. Wilson (Student Member)

Alexander G. Gilliam, Jr., Secretary to the Board of Visitors

ADMINISTRATIVE OFFICERS

John T. Casteen, III, President

Leonard W. Sandridge, Jr., Executive Vice President and Chief Financial Officer

Craig K. Littlepage, Director of University Athletic Programs